

Message Text

CONFIDENTIAL

PAGE 01 STATE 105754
ORIGIN EA-06

INFO OCT-01 ISO-00 ONY-00 /007 R

DRAFTED BY EA/EP:STAFF:SRP
APPROVED BY EA/EP:WRWARNE:SRP
DESIRED DISTRIBUTION
EA ONLY

-----053819 260217Z /73

R 252304Z APR 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 105754

LIMDIS; PASS USADB FOR AMBASSADOR ONLY

E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT,
APRIL 25, 1978

1. ASEAN (LIMITED OFFICIAL USE)

A. US-ASEAN DIALOGUE

THE INITIAL REPORT FROM BANGKOK INDICATES THAT THE ASEAN
STANDING COMMITTEE'S CONSIDERATION OF OUR PROPOSAL ON THE
DATES AND LEVEL OF OUR TALKS THIS SUMMER WAS INCONCLUSIVE.
A CONSENSUS WAS REACHED THAT AUGUST 3-4 WOULD BE THE BEST
DATES, BUT MEMBER GOVERNMENTS WOULD HAVE TO CONFIRM THIS.
NO DECISION WAS MADE ON WHICH MINISTERS WOULD BE INVOLVED.
ASEAN, HOWEVER, APPARENTLY IS THINKING IN TERMS OF
MINISTERIAL LEVEL TALKS. AGREEMENT REPORTEDLY WAS
REACHED ON HOLDING JOINT TALKS WITH US ON DEVELOPMENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 105754

COOPERATION (AID) IN MANILA MAY 30-31. WE ARE CABLING
OUR EMBASSIES TODAY ASKING FOR ANY FURTHER INFORMATION
AND STRESSING THE IMPORTANCE OF AN EARLY DECISION ON
DATES AND LEVEL OF REPRESENTATION.

B. COMMITTEE ON INDUSTRY, ENERGY AND MINERALS

DURING ITS APRIL 11-13 MEETING, THE COMMITTEE APPRVED ONE OF THE FIVE ASEAN INDUSTRIAL PROJECTS, THE MALAYSIAN UREA PROJECT, AND CONTINUED WORK ON THE AGREEMENTS GOVERNING ESTABLISHMENT AND OPERATIONS OF THE PROJECTS. SINGAPORE, WITH QUIET MALAYSIAN SUPPORT, OPPOSED A PHILIPPINE PROPOSAL TO EXCLUDE FOREIGN-OWNED COMPANIES IN THE GUIDELINES ON INDUSTRIAL COMPLEMENTATION, AND THE COMMITTEE REFERRED THE ISSUE WITHOUT DECISION TO THE ASEAN ECONOMIC MINISTERS MEETING MAY 2-3.

C. US TALKS WITH ASEAN SENIOR TRADE OFFICIALS

US-ASEAN MTN CONSULTATIONS HELD APRIL 19-20 IN SINGAPORE WERE CONSTRUCTIVE. ASEAN ACCEPTED PRINCIPLE OF RECIPROCITY, I.E. THAT LDCS SHOULD OFFER TO MAKE CONTRIBUTIONS TO MTN AND ENTER INTO NEGOTIATING PROCESS BEFORE CONCLUSION OF MTN. ALL ASEAN DELEGATIONS INDICATED INFORMALLY THAT THEY WOULD RESPOND TO US REQUESTS DURING BILATERAL IN REGION OR IN GENEVA DURING FIRST TWO WEEKS OF MAY. IN FOLLOWING BILATERAL TALKS APRIL 21, SINGAPORE MADE POSITIVE RESPONSE TO US REQUEST LIST AND SUBMITTED REQUESTS OF ITS OWN. GOS RESPONSE AND REQUESTS ARE FIRST FROM ASEAN NOT CONFINED TO TROPICAL PRODUCTS AND DEMONSTRATE SERIOUS EFFORT TO COMPLETE A BILATERAL MTN AGREEMENT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 105754

2. ASIAN DEVELOPMENT BANK ANNUAL MEETING
(LIMITED OFFICIAL USE)

ADB DONOR COUNTRIES AGREED IN VIENNA ON APRIL 22 TO AN ASIAN DEVELOPMENT FUND REPLENISHMENT OF 2 BILLION DOLLARS PLUS SUPPLEMENTARY CONTRIBUTIONS OF ABOUT 60 MILLION DOLLARS. WITH MINOR EXCEPTIONS, COUNTRY SHARES WILL REMAIN THE SAME AS THE PREVIOUS REPLENISHMENT, I.E. THE US WILL CONTRIBUTE, SUBJECT TO CONGRESSIONAL APPROVAL, 22.25 PERCENT OR 445 MILLION DOLLARS OVER A FOUR YEAR PERIOD. THE TRIGGER MECHANISM HAS SUFFICIENT FLEXIBILITY TO MEET US NEEDS. INFORMAL ASSURANCES WERE OBTAINED THAT "MARGINALLY ELIGIBLE" COUNTRIES, I.E. THE PHILIPPINES, INDONESIA AND THAILAND, WILL RECEIVE SOME ADF LOANS. FRANCE AGREED FOR THE FIRST TIME TO MAKE AN ADF CONTRIBUTION OF 105 MILLION DOLLARS BUT NEW ZEALAND WILL NOT BE ABLE TO MAKE ONE. JAPAN'S SHARE WILL REMAIN AT 33.7 PERCENT PLUS A VOLUNTARY CONTRIBUTION OF 50.5 MILLION DOLLARS, RAISING ITS TOTAL PLEDGE TO 724 MILLION DOLLARS. THE FRG AND UK ALSO VOLUNTEERED EXTRA AMOUNTS. BANK MANAGEMENT AND COUNTRY DELEGATIONS WERE PLEASED OVER THE US FORTHCOMING POSITION, WHICH ENABLED AGREEMENT TO BE REACHED. THE US DELEGATION REPORTS THAT THE US POSITION

ELICITED WIDESPREAD SUPPORT AND THE FAVORABLE OUTCOME PROMOTES US POLICY GOALS TOWARD THE ADB AND FOREIGN ASSISTANCE IN GENERAL.

IN HIS ADDRESS TO THE ANNUAL MEETING, ASSISTANCE SECRETARY BERGSTEN NOTED THE ADF REPLENISHMENT WILL PROVIDE FOR GREATLY EXPANDED CONCESSIONAL LENDING. THE SUBSTANTIALLY INCREASED US PLEDGE REAFFIRMS US SUPPORT FOR THE ADF AND US DESIRE FOR SOME ADDITIONAL CONCESSIONAL RESOURCES TO THE marginally eligible countries for projects meeting basic human needs. BERGSTEN ADDED THAT PRESIDENT CARTER PERSONALLY APPROVED THE PLEDGE AND THAT CONGRESS WAS CONSULTED ON IT. HE NOTED THAT THE US FULLY SUPPORTS THE BANK'S EMPHASIS ON AGRICULTURE AND AGRO-INDUSTRY, ITS CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 105754

RECENT ENERGY INITIATIVES AND ITS SOUND FINANCIAL AND ADMINISTRATIVE POLICIES. BERGSTEN ENCOURAGED MANAGEMENT TO DEVOTE GREATER ATTENTION TO SUB-REGIONAL DEVELOPMENT COOPERATION AND TO INVOLVE THE PRIVATE SECTOR. HE MADE NO MENTION IN HIS PUBLIC STATEMENT OF CHANGING THE FREQUENCY OF THE ANNUAL MEETING.

3. PRM-33: SCIENCE AND TECHNOLOGY IN LDCS (CONFIDENTIAL)

AN INTERAGENCY TASK FORCE IS CURRENTLY PREPARING US OBJECTIVES AND POLICIES ON HOW US SCIENTIFIC AND TECHNICAL CAPACITY CAN BEST CONTRIBUTE TO OUR FOREIGN POLICY OBJECTIVES, ESPECIALLY IN DEVELOPING COUNTRIES. THE IDEA IS TO ENCOURAGE THE FLOW OF TECHNOLOGY AND NOT TO INTERFERE IN LDC JUDGMENTS ABOUT THE APPROPRIATENESS OF TECHNOLOGY. THE US SHOULD CONSIDER INCENTIVES TO IMPROVE THE QUALITY OF TECHNOLOGY FLOW, SUCH AS TRAINING AND R AND D IN DEVELOPING APPROPRIATE TECHNOLOGY. US AID SHOULD FOCUS ON BUILDING LDC INSTITUTIONAL CAPACITIES AND APPLYING US TECHNOLOGY EFFECTIVELY. THE GROUP IS SUGGESTING A COORDINATING BODY FOR S AND T MATTERS, BUT NO AGREEMENT HAS BEEN REACHED ON WHICH AGENCY MIGHT HANDLE THIS COORDINATION. THE PRM RECOMMENDATIONS WILL AFFECT EA BECAUSE HIGHEST PRIORITY IS GIVEN TO UPPER-TIER LDCS HAVING THE CAPACITY TO USE OUR S AND T. WE HAVE PREPARED COUNTRY PROFILES FOR INDONESIA, THE PHILIPPINES AND MALAYSIA, AND PLAN TO PARTICIPATE IN DRAWING UP THE PRM'S CONCLUSIONS.

4. NATIONAL EXPORT PROMOTION POLICY (UNCLASSIFIED)

FRANK WEIL'S EXPORT PROMOTION TASK FORCE HELD ITS FIRST MEETING APRIL 17. THE TASK FORCE HAS A BROAD MANDATE TO EXAMINE POLICIES AND PROGRAMS (BUT NOT THE MTN) THAT AFFECT US EXPORTS AND TO COME UP WITH A NATIONAL POLICY. CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 105754

FIVE WORKING GROUPS HAVE BEEN FORMED TO EXAMINE (A) EXPORT FINANCING (EXIM, EXCHANGE RATES, TAXATION, ETC.); (B) EXPORT DEVELOPMENT, I.E. USDOC PROGRAMS; (C) AGRICULTURAL EXPORTS; (D) GOVERNMENT REGULATION (ANTI-TRUST, ANTI-BOYCOTT, ENVIRONMENTAL REGS, ETC.); AND (E) USG PROGRAMS AFFECTING PRIVATE SECTOR RESEARCH AND DEVELOPMENT. WHILE THIS UNDERTAKING IS PROBABLY TOO AMBITIOUS TO BE ACCOMPLISHED WITHIN THE INITIAL TWO-MONTH TIME FRAME, IT IS AN EXCELLENT OPPORTUNITY TO AIR ANY FRESH IDEAS ON EXPORT PROMOTION. A CIRCULAR CABLE HAS GONE TO ALL DIPLOMATIC POSTS REQUESTING INPUT, AND EB HAS INVITED THE GEOGRAPHICAL BUREAUS TO PARTICIPATE. WE HAVE INFORMED EB THAT WE WISH TO DO SO.

5. JUTE PRODUCTS WORKING GROUP, APRIL 10-14
(LIMITED OFFICIAL USE)

BANGLADESH AND INDIA CONTINUED TO PRESS FOR A DECISION TO CALL A NEGOTIATING CONFERENCE ON A JUTE AGREEMENT. THE EC, WHILE JOINING US IN OPPOSING A STABILIZATION AGREEMENT, HAS PROPOSED EXPANDING THE CURRENT INDICATIVE PRICE SCHEME AND CONSIDERING INTERNATIONAL FINANCING OF PRODUCER COUNTRY STOCKS OF RAW JUTE. THE US HAS DIFFICULTIES WITH THESE PROPOSALS. DISCUSSIONS WILL CONTINUE AT THE NEXT MEETING IN JULY. THAILAND, WHICH PRODUCES KENAF, IS THE ONLY EA PRODUCER INVOLVED; ITS PARTICIPATION HAS BEEN MARGINAL. THE OUTCOME, HOWEVER, COULD AFFECT TALKS ON ABACA, WHICH WOULD INVOLVE THE PHILIPPINES AS A MAJOR PRODUCER.

6. ZINC SPECIAL SESSION (LIMITED OFFICIAL USE)

AN EXTRAORDINARY SESSION OF THE LEAD AND ZINC STUDY GROUP WILL BE HELD ON JUNE 26-30 TO STUDY MEASURES TO IMPROVE THE INTERNATIONAL ZINC INDUSTRY. THE RESULTS OF THE US INTERNATIONAL TRADE COMMISSION INQUIRY INTO THE US INDUSTRY'S ESCAPE CLAUSE PETITION ON ZINC IMPORTS WILL BE AVAILABLE BEFORE THIS SESSION. WE ARE UNCERTAIN, CONFIDENTIAL

CONFIDENTIAL

PAGE 06 STATE 105754

HOWEVER, THAT THIS MEETING CAN ACCOMPLISH ANYTHING.
VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE105754
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:SRP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780177-0792
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780418/aaaaaouxu.tel
Line Count: 219
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fc61bca7-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2851531
Secure: OPEN
Status: NATIVE
Subject: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT, APRIL 25, 1978
TAGS: EGEN, ECON, XC, XE, XP, US
To: EA POSTS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/fc61bca7-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014